



United States Attorney District of New Jersey

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TWO PLEAD GUILTY TO BRIBERY SCHEME INVOLVING CORRUPT PAYMENTS TO SCHOOL DISTRICT EXECUTIVE EMPLOYEE

TRENTON, N.J. – Frank D’Alonzo, a former Supervisor of Athletics and Special Projects for the Toms River, N.J., Regional School District, and Frank Cotroneo, an insurance broker with an office in Morristown, N.J., pleaded guilty today to charges of bribery and tax evasion arising from their participation in a scheme to pay hundreds of thousands of dollars in bribes to an executive employee of the school district in exchange for his official assistance, U.S. Attorney Paul J. Fishman announced.

D’Alonzo, 53, of Lavallette, N.J., and Cotroneo, 60, of Bernardsville, N.J., entered their guilty pleas before United States Chief Judge Garrett E. Brown Jr. in Trenton federal court.

According to the Informations to which the defendants pleaded guilty and statements made in court:

D’Alonzo pleaded guilty to one count of bribery and one count of tax evasion, admitting that he participated in a scheme in which he received corrupt payments from an insurance broker based in Towson, Md., who specialized in providing insurance brokerage services for public entities, including municipalities and school boards – among them the Toms River Regional School District. As early as 2001 through June 2006, D’Alonzo took hundreds of thousands of dollars in corrupt payments from this individual, identified in the Information as the “Insurance Broker,” and others and then passed on a portion of these proceeds as bribes to an executive employee of the school district in exchange for that employee’s official assistance to the Insurance Broker and others in maintaining insurance and other business with the school district.

Additionally, D’Alonzo admitted that for tax year 2005, he evaded the assessment of hundreds of thousands of dollars of federal income tax by concealing the illegal proceeds that he received from the Insurance Broker and others during a portion of the bribery scheme.

Cotroneo also pleaded guilty to one count of bribery and one count of tax evasion, admitting that from 2002 to April 2009, he, the Insurance Broker, the individual identified in the Information as the “Executive Employee,” and others participated in the bribery scheme. To facilitate the scheme, the Executive Employee approved a workers compensation insurance contract between the Insurance Broker and the school district for which the contract fee was padded by hundreds of thousands of dollars per year. Cotroneo and the Insurance Broker, who were health insurance co-brokers for the school district, used funds from the padded proceeds and other sources to fund multiple bribes to the Executive Employee.

Cotroneo also admitted that for tax years 2006 and 2007, he evaded the assessment of hundreds of thousands of dollars of federal income tax by concealing the illegal proceeds he received from the insurance broker and others during the course of the bribery scheme.

The charges of bribery to which the defendants pleaded guilty carry a maximum statutory penalty of 10 years in prison and a \$250,000 fine. Each count of tax evasion carries a maximum statutory penalty of 5 years in prison and a \$100,000 fine, with an alternative fine of \$250,000.

Both defendants were released on \$100,000 bail pending sentencing, scheduled for January 24, 2011.

U.S. Attorney Fishman credited special agents of the FBI, under the direction of Special Agent in Charge Michael B. Ward, and IRS – Criminal Investigation, under the direction of Special Agent in Charge Victor W. Lessoff, with the investigation leading to today's guilty pleas.

The government is represented by Assistant U.S. Attorneys Dustin Chao and Jenny Kramer of the U.S. Attorney's Office Special Prosecutions Division in Newark.

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Defense counsel:

D'Alonzo: Lisa Mack, Esq., Assistant Federal Public Defender, Newark, N.J.

Cotroneo: Howard Brownstein, Esq., Union City, N.J.